

**William D. Ford Federal Direct Loan (DL) Program – Reconciling FARS to GAPS/FMSS for the
Advance Account**

What is the process for reconciling FARS to GAPS/FMSS for the advance account?

The process involves 7 basic steps:

1. Update the Advance Account Reconciliation Worksheet with FARS data
2. Compute and compare the current monthly activity from the trial balance
3. Update the Advance Account Reconciliation Worksheet with GAPS and FMSS data
4. Compute the variance between FARS and GAPS/FMSS
5. Explain the variances between FARS and GAPS/FMSS
6. Complete Reconciliation Worksheet
7. Prepare adjustments as necessary

What does this document do?

This document establishes the policy and procedures that govern the reconciliation of the advance account between the Financial Accounting Reporting System (FARS) and Grant Administration and Payment System (GAPS) & the standard general ledger, Financial Management System Software (FMSS). Reconciliations are prepared between *FARS accounts 1413, 1414, 1415, and 1416* and the *FMSS advance account 135003*.

What is the policy on reconciling the advance account between FARS and GAPS/FMSS?

The advance account should be reconciled between FARS and GAPS/FMSS to verify the accuracy of the standard general ledger balance. The six transaction types for which advance account is reconciled include: *drawdowns*, funds disbursed to participating schools for student loans; *excess cash*, funds returned from participating schools; *SF1081* (Voucher and Schedule of Withdrawals and Credits), transfer of funds between programs; *bookings*, accounts receivables recorded for funds disbursed for student loans; *consolidation payments*, funds received for consolidated student loans; and *origination fees*, funds withheld for administrative expenses from loans originated under the DL program. This reconciliation should be conducted *on a monthly basis*.

Who must follow the procedures in this document?

All members of the Chief Financial Officer (CFO) – Accounting Division (AD), must comply with these procedures for the process to which it relates.

7 Basic steps for reconciling the FARS to GAPS/FMSS for the advance account:

1) Update the Advance Account Reconciliation Worksheet with FARS data

As an AD member you must

When?

After receiving the Summary Listing
by TC/Profile/Level from ACS

- a) Obtain a hard copy of the Summary Listing by TC/Profile/Level from ACS via courier
- b) Input summary data under the corresponding transaction type (i.e. drawdowns, excess cash, etc...)

2) Compute and compare the current monthly activity from the trial balance

As an AD member you must

When?

After receiving the
trial balance form ACS

- a) Obtain a hard copy of the monthly trial balance from ACS via courier
- b) Subtract the ending balance from the beginning for the sum of the FARS accounts
- c) Compute the difference between the summary data entered in step 1 and the total monthly activity from the ACS trial balance
 - i) These totals should net to zero
 - ii) If not, verify the data entered in step 1

3) Update the Advance Account Reconciliation Worksheet with GAPS and FMSS data
As an AD member you must

When?

After receiving the source documents for GAPS and FMSS

- a) Obtain source documents for GAPS/FMSS data
 - i) Obtain a soft copy of the OCFO trial balance via electronic mail or the shared drive
 - ii) Query GAPS for drawdown and excess cash transaction detail
 - iii) Query FMSS using Cognos for SF1081, booking, consolidation payment, and origination fee transaction detail
 - (1) Sort by Doc Type/Sae then Ref (schedule) Number
- b) Input data under the corresponding transaction type (i.e. drawdowns, excess cash, etc...)

4) Compute the variance between FARS and GAPS/FMSS
As an AD member you must

When?

After inputting the transaction detail for FARS, GAPS, and FMSS

- a) Compute the difference between the FARS and GAPS/FMSS data for each transaction type
 - i) Label identified variances previously explained
 - ii) Label the remaining unidentified variances
- b) Forward the variance analysis and GAPS line item detail to ACS for explanation of the differences

5) Explain the variances between FARS and GAPS/FMSS
As an ACS member you must

When?

After receiving the variance analysis from AD

- a) Obtain the variance analysis and GAPS line item detail from AD
- b) Research and explain the differences
- c) Forward the variance analysis back to AD with the explanations attached

6) Complete Reconciliation Worksheet
As an AD member you must

When?

After receiving the research findings from ACS

- a) Compute the adjusted monthly activity balance
 - i) Label all variance types included in the system variance
- b) Compute the monthly activity from the OCFO trial balance
 - i) Subtract the ending balance from the beginning
- c) Calculate the difference (which should net to zero)
- d) Document the completion of this process
- e) Obtain Team Lead approval

7) Prepare adjustments as necessary
As an AD Team Lead you must

When?

On a monthly basis, as necessary

- a) Identify the permanent error that require adjustment
- b) Prepare the adjusting entries for ACS